

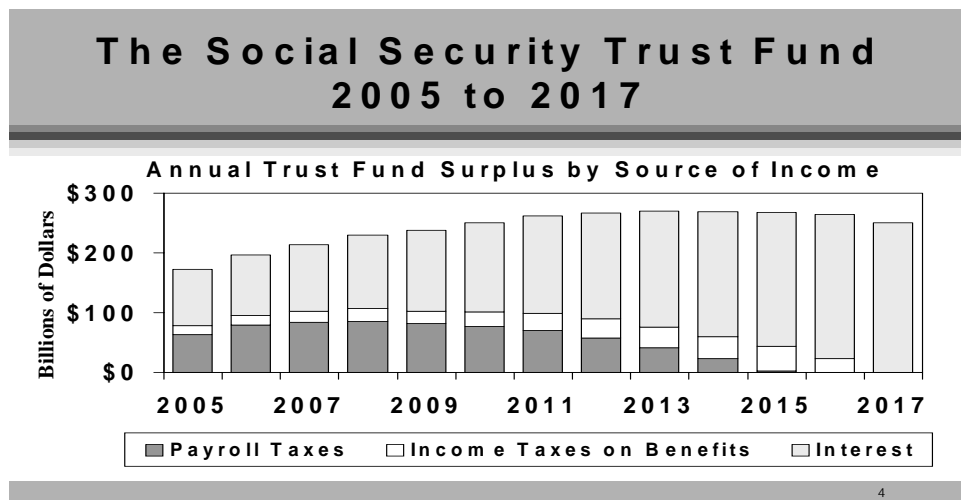


SOCIAL SECURITY: The Problem Starts in 2009

Social Security costs will begin to cut heavily into other government priorities starting in 2009. Opponents of Social Security reform claim that the program's financing problems begin in 2017, or even 2041 – but the truth is that we will face hard choices in just a few years.

SOCIAL SECURITY INTEREST PAYMENTS WILL COME FROM THE GENERAL FUND

The Social Security Trust Fund will see its highest tax surplus in 2008. After that, tax revenues will decline. By 2017, the system will pay out more in benefits than it receives in taxes. But it is important to remember that there are no real assets in the trust fund, just special government bonds. In effect, Congress spent the money and wrote IOUs to itself. Plus, Congress promised to pay interest on the money it borrowed from the Social Security trust fund.



The interest payments form a substantial portion of Social Security's income between 2009 and 2017. But since the trust fund has no assets, Congress will have to appropriate money to pay the interest. That means we will have less money to spend on discretionary spending programs like defense, homeland security, health, education, agriculture, and transportation.

For additional information, visit <http://policy.house.gov>.